

Memorandum

305.0006.500

To: Ms. Karri Rozario
Senior Tax Auditor
KH District

Date: February 5, 1996

From: John L. Waid
Senior Staff Counsel

Subject: United States Government Contract

I am answering your memorandum to me dated November 29, 1995. You indicated that you contacted the Chapa De Indian Health Program ("Chapa De") to determine if the taxpayer's sales of optical equipment to it were exempt from tax under Section 6381 (a). You attached to your memorandum, among other documents, a copy of a letter dated October 20, 1995, from ---, Public Health Service, Department of Health & Human Services, to Chapa De stating that the latter has entered into a contract with the Indian Health Service in accordance with Public Law 93-638, and in accordance with that law is deemed an executive agency when carrying out such contract; and of the pertinent provision of that law. After examining those documents, we agree with your conclusion that, under the terms of P.L. 93-638 Chapa De appears to be an executive agency of the United States when carrying out the purposes of the contract. As a result, the taxpayer's sales of optical equipment to Chapa De are exempt from tax under Section 6381 (a).